

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

#19-11790

JULY 29, 2019

10:02 A.M.

Docket No. 2018-202-E:

DUKE ENERGY CAROLINAS, LLC, and DUKE ENERGY PROGRESS, LLC – *Request for an Allowable Ex Parte Briefing to Discuss Implementation of Tranche 1 of the Competitive Procurement of Renewable Energy Program and Future Plans for Tranche 2*

**ALLOWABLE EX PARTE
BRIEFING**

COMMISSION MEMBERS PRESENT: Justin T. WILLIAMS, *Vice Chairman*; and COMMISSIONERS John E. ‘Butch’ HOWARD, Florence P. BELSER, Thomas J. ‘Tom’ ERVIN, and Swain E. WHITFIELD

ADVISOR TO COMMISSION: Joseph Melchers
GENERAL COUNSEL

STAFF: Jocelyn Boyd, Chief Clerk/Executive Director; B. Randall Dong, Esq., Josh Minges, Esq., and Jerisha Dukes, Esq., Legal Advisory Staff; Douglas K. Pratt and William O. Richardson, Technical Advisory Staff; Randy Erskine, Information Technology Staff; Melissa Purvis, Livestream Technician; and Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter

APPEARANCES:

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ANDREW M. BATEMAN, ESQUIRE, Designee of the Executive Director of THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

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Please note the following inclusions/attachments to the record:

- Presentation Slides

P R O C E E D I N G S

VICE CHAIRMAN WILLIAMS: Good morning,
everyone. Please be seated.

I'll call on the Commission's attorney to read
the docket.

MR. MELCHERS: Thank you, Mr. Vice Chairman.
Commissioners, we are here pursuant to a
Notice of Request for Allowable Ex Parte
Communication Briefing.

The parties requesting the briefing are Duke
Energy Carolinas, LLC, and Duke Energy Progress,
LLC. This briefing is scheduled for today, here in
the Commission hearing room, July 29, 2019, at 10
a.m., and the subject matter to be discussed today
is: The Implementation of Tranche 1 of the
Competitive Procurement of Renewable Energy Program
and Future Plans for Tranche 2. And the Docket is
2018-202-E.

Thank you.

VICE CHAIRMAN WILLIAMS: Thank you, sir.

Mr. Bateman?

MR. BATEMAN: Good morning, Mr. Vice Chairman,
members of the Commission. My name is Andrew
Bateman, and I'm an attorney for the South Carolina
Office of Regulatory Staff. I have been selected

1 as the Designee to certify that today's allowable
2 ex parte briefing takes place in accordance with
3 South Carolina Code Annotated 58-3-260(C). That
4 statute sets forth certain parameters and rules
5 under which this briefing must take place, and if
6 you'll indulge me, I'm going to go over a few of
7 those.

8 Duke Energy Carolinas, LLC, and Duke Energy
9 Progress, LLC – or the companies – requested this
10 allowable ex parte communication pursuant to that
11 statute, 58-3-260(C). This presentation is limited
12 solely to information the company has listed as the
13 subject matter to be discussed, which, as Mr.
14 Melchers mentioned earlier, is “The Implementation
15 of Tranche 1 of the Competitive Procurement of
16 Renewable Energy Program and Future Plans for
17 Tranche 2.” I, therefore, ask that everyone here
18 please refrain from discussing any matters not
19 related to that subject matter.

20 Second, the statute prohibits any
21 participants, Commissioners, or Commission Staff
22 from requesting or giving any commitment,
23 predetermination, or prediction regarding any
24 action by any Commissioner as to any ultimate or
25 penultimate issue which either is or is likely to

1 come before this Commission.

2 Next, in order to certify this allowable ex
3 parte – and if I’ve counted my days correctly –
4 material corresponding to today’s presentation will
5 be posted on the Commission’s website by this
6 Friday. Any document referenced or utilized today
7 should be included with that posting.

8 Finally, I’d ask that the participants,
9 Commissioners, and Staff refrain from referencing
10 any reports, articles, statutes, or documents of
11 any kind that are not included in today’s allowable
12 ex parte to prevent the need of having to try to
13 track down copies or links to these documents to
14 include in the record. In particular, as none of
15 the information contained in the presentation
16 appears to have been marked or requested to be
17 granted confidentiality, I’d ask that the
18 presenters refrain from referencing or discussing
19 any materials over which they’d like to maintain
20 confidentiality, and I’d ask that the Commissioners
21 please be understanding if the presenters decline
22 to provide such information to Commission questions
23 here today.

24 As a final note, please make sure to read,
25 sign, and return the form which you were given at

1 the door when you came in today. This form needs
2 to be signed by each attendee, to certify the
3 requirements contained in South Carolina Code
4 Annotated 58-3-260(C) have been complied with at
5 the presentation.

6 Thank you for your time, Mr. Vice Chairman.
7 This concludes my opening remarks,

8 **VICE CHAIRMAN WILLIAMS:** Thank you, Mr.
9 Bateman.

10 Ms. Dulin.

11 **MS. DULIN:** Thank you, Mr. Vice Chairman.
12 Commissioners, we are pleased to be before you
13 today. I'm Rebecca Dulin and I'm corporate counsel
14 for Duke Energy Carolinas and Duke Energy Progress.

15 Today I have with me three gentlemen who are
16 pleased to be here to talk to you about the
17 Competitive Procurement of Renewable Energy Program
18 that we've implemented pursuant to North Carolina
19 House Bill 589.

20 First, you'll hear from George Brown. Can you
21 all see the nametags?

22 **VICE CHAIRMAN WILLIAMS:** I cannot.

23 **COMMISSIONER WHITFIELD:** Not too well.

24 **PANEL MEMBERS:** [Indicating.]

25 **MS. DULIN:** Maybe we should hold them in the

1 air. We have Mr. George Brown in the middle, and
2 to your right you have Jeff Riggins, and to your
3 left you have Mr. Harry Judd.

4 Mr. Riggins and Mr. Brown are with the
5 company. Mr. Judd is with the Accion Group. He's
6 the president of the Accion Group, which serves as
7 the independent administrator, as he will describe,
8 for what we call the CPRE Program.

9 Mr. Brown, as I said who is with the company,
10 he's General Manager of Distributed Energy
11 Technology Strategy, Policy, and Strategic
12 Investment.

13 And Mr. Riggins is – to give you his formal
14 title – is Director of our Standard Power Purchase
15 Agreements and our Interconnection Process.

16 So with that, I'll turn it over to Mr. Brown,
17 who will begin our presentation. Thank you again
18 for having us.

19 **VICE CHAIRMAN WILLIAMS:** Thank you, Ms. Dulin.

20 **MR. GEORGE BROWN [Duke Energy]:**

21 [Reference: Presentation Slides 1 ~ 2]

22 Good morning. Thank you, Commissioners, in
23 advance, and all the other attendees today, for
24 your time. My name is George Brown, and I'm going
25 to begin our presentation by giving you an overview

1 of the law that was passed in 2017 that set up the
2 competitive procurement program in North Carolina
3 law, and also some high-level information regarding
4 the process that was undertaken through the
5 competitive procurement for soliciting and
6 contracting with renewable energy.

7 [Reference: Presentation Slide 3]

8 North Carolina HB 589 became law in 2017, and one
9 of the primary focuses of the law was to bring down
10 the cost of implementing PURPA and use competitive
11 solicitations, instead, to source new renewables.
12 In Duke Energy, we have two states; we have one
13 system in two states. And the way it works with
14 PPAs is we actually allocate the expenses of the
15 PPAs across all states. So the efforts of this law
16 would also have beneficial impact on South Carolina
17 customers, as well as our wholesale customers, by
18 reducing the cost of PURPA.

19 The Duke Energy utilities will host three or
20 more competitive solicitations to source 2660
21 megawatts in their respective balancing areas. And
22 the balancing area is the geographic footprint of
23 each utility. That means that projects are
24 eligible anywhere in the utility's system, whether
25 they're in North Carolina or South Carolina. And

1 we did that because we wanted to open it up to the
2 largest possible geographic area for our customers,
3 to lower the prices as much as possible.

4 The total procurement volume of 2660 is
5 actually reduced in the event that the legacy PURPA
6 solar – what is defined as “transition solar” –
7 exceeds 3500 megawatts between the two utilities
8 over the contracting period. So what does that
9 mean? Well, first of all, transition solar does
10 not have economic dispatch rights. In most PURPA
11 contracts, unless the counterparty agrees to it,
12 the utility cannot dispatch the solar except in
13 system emergency, when there is truly a safety
14 issue or a balancing issue. So, if the solar
15 happens to have a high price, we still have to take
16 the solar if we can absorb the energy.

17 We have some of those legacy contracts that
18 are in-flight to be produced, and what we were
19 trying to do here is try to make sure that the
20 total amount of solar energy, both from the CPRE
21 Program and the transition solar, stays within
22 about 7000-8000 megawatts, which is what we think
23 is generally readily manageable by our utilities as
24 they are currently configured today.

25 The contract terms are 20-year terms, and they

1 allow for economic dispatch. I mentioned that,
2 previously, and that's a key feature for us in
3 these contracts that we have.

4 The selection was independently administrated
5 by Accion Group, and Mr. Judd will explain what
6 Accion's role was and will be able to answer any
7 specific questions you might have regarding how the
8 process was done. Everything was confidential.
9 Duke Energy did not see the names of the bidders.
10 It was all directly handled by Accion, and then
11 Accion parceled out to the information on an as-
12 needed-only basis to the parts of Duke Energy that
13 actually had to study the projects to prepare for
14 the interconnection upgrades, if there were any
15 interconnection upgrades necessary for these
16 projects.

17 The final thing is the bid prices had to be
18 below North Carolina Commission-approved avoided
19 cost. So the program was designed to actually
20 deliver solar energy with dispatch rights at a
21 price below what would ordinarily be a PURPA rate.
22 And we were successful, because of the competitive
23 process, in achieving that, and I'll show you that
24 later on.

25 I think that's all I have on this slide.

[Reference: Presentation Slide 4]

So what were the big revisions to PURPA?

North Carolina, prior to HB 589, had a very favorable PURPA policy, and we had standard contracts in North Carolina that were eligible for up to 5 megawatts for 15 years, at a fixed price, and nonstandard contracts could get 10 years. In addition, the Commission had decided that the utility would pay for capacity, even if it wasn't directly needed in the IRP. As a result of 589, the standard contract was reduced 1 megawatt for only 10 years, and the nonstandard contracts – so, the bigger contracts – are only eligible now for five-year contracts. In addition, we no longer have to pay for any capacity unless we need it in the IRP. So what happens – what that means is, practically speaking, we look at our integrated resource plan, and if we don't need capacity for the next five years, we wouldn't pay any value for capacity that would actually be given to us by the solar. We would only start in year six.

The final thing is the standard offer project size actually decreases to 100 kilowatts, which is the FERC requirement – that's the minimum FERC requirement for standard-offer contracts – after we

1 have 100 megawatts of those 1 megawatt facilities
2 in service. So it was a rather dramatic change in
3 the PURPA framework.

4 [Reference: Presentation Slide 5]

5 Here I've got a high-level overview of the
6 CPRE process. And what we did is we posted – this
7 was a very transparent process, and it was also
8 designed to have contracts that were non-
9 negotiable, essentially, that would be awarded. So
10 there was a lot of upfront work with stakeholders
11 and at the Utility Commission in North Carolina to
12 arrive at what the acceptable contract terms were,
13 because we didn't want to be sort of negotiating
14 contract terms at the back end.

15 So we posted the solicitation documents to the
16 IA website. The IA really conducted the RFP. We
17 were sort of behind the scenes, you know, working
18 with the IA. The RFP window closed. That's the
19 third box. The IA evaluated and ranks bids. There
20 was a competitive tier that was created. So these
21 were the most competitive projects, given what we
22 were looking to achieve, and we were looking to
23 achieve 600 megawatts in Duke Energy Carolinas and
24 80 megawatts in Duke Energy Progress. The reason
25 there was much more in Duke Energy Carolinas is

1 that Duke Energy Progress already has a tremendous
2 amount of solar on the system, and more to come
3 from these legacy PURPA contracts that I mentioned
4 earlier.

5 At that point, projects were required to post
6 some collateral before we went into the group-study
7 process. We wanted projects that were committed to
8 actually execute the contract if they were
9 selected.

10 The Duke Energy T&D Group evaluates the
11 network upgrade cost, hands over the upgrade cost
12 in terms of capital. So, they – for example, you
13 might say that this particular project has a
14 \$500,000 upgrade cost necessary. Then the IA takes
15 that capital and imputes it to the project that
16 caused the upgrade. And the reason that's
17 important is we actually got approval in North
18 Carolina to rate-base these upgrades. And I'm
19 going to talk a little bit more about that later
20 and explain why that is, but just hold that thought
21 for now. And so this is a way to not give the
22 developers a free ride, but instead to capture the
23 cost of those upgrades in the bid. So, when the IA
24 added that imputed cost to the PPA that was bid
25 earlier, the all-in cost still had to be below

1 avoided cost.

2 The next stage was the IA notified the winning
3 bidders, and then we entered into a contracting
4 period. And that contract period closed July 9th –
5 was it?

6 **MR. HARRY JUDD [Accion Group]:** [Nodding
7 head.]

8 **MR. GEORGE BROWN [Duke Energy]:** July 9th.
9 So, we have executed contracts, and I'll show you
10 on the next slide a summary of what we've got.

11 [Reference: Presentation Slide 6]

12 So, here are the results. First of all, we
13 had an enormous amount of interest. We had, in
14 DEC, 2700 megawatts that were offered into the
15 program. Roughly half of those megawatts were from
16 South Carolina. We ended up contracting with 11
17 projects, for 465 megawatts. So once we went
18 through all the evaluation – once Accion went
19 through all the evaluation process, the study
20 process, imputed the costs to the winning bidders,
21 and then we asked them to go ahead and execute
22 contracts, we ended up with 465. Two of the
23 projects totaling 50 megawatts are in our South
24 Carolina service territory.

25 In DEP, we got a smaller number of projects,

1 and I think that reflects just the smaller RFP
2 size; we were only looking for 80 megawatts. Six
3 hundred and fourteen [614] of them were in South
4 Carolina, and we ended up contracting with two. We
5 have one in South Carolina for 7 megawatts and one
6 in North Carolina for 79 megawatts.

7 One might ask why are there fewer South
8 Carolina projects than North Carolina projects?
9 And that's actually a difficult question to answer,
10 exactly, because we don't exactly know what the
11 bidding strategy of the different developers is.
12 What we do know – and Harry can speak to this – is
13 that Harry evaluated these regardless of location.
14 So he was agnostic as to the location. Accion
15 didn't even care about that. In fact, it was
16 interesting, when we were getting ready to start
17 publishing information regarding the RFP, we had to
18 reorient Harry to think along state lines, because
19 he was thinking primarily – I mean, you tell me.
20 But he was primarily thinking about the systems,
21 you know, going across the states, rather than
22 across the states. And we do have some pretty
23 well-known South Carolina developers who have won
24 in this tranche, and I think this information is
25 now public, but my understanding is both Southern

1 Current and Johnson Development have won a bid in
2 this CPRE Program

3 [Reference: Presentation Slide 7]

4 So, how did we do? Well, I think it was very
5 much a success. We got good resources at prices
6 substantially below avoided cost, with dispatch
7 prices. You can see there the average all-in
8 delivered price at DEC and the average all-in
9 delivered price at DEP. Accion estimated the
10 savings versus avoided cost, combined between the
11 two utilities, at \$261 million over the 20-year
12 contract term.

13 So I would say that this worked very well,
14 and, you know, I think we're hoping for similar
15 type results in Tranche 2.

16 [Reference: Presentation Slide 8]

17 Okay, now I'm going to turn to
18 interconnection, which is always a complex and
19 difficult process in both states today. I mean,
20 both states have got very large queues. I know the
21 Commission is very aware of that.

22 One of the things that we did to try to make
23 things a little bit better is we provided to public
24 information about locations on the grid where we
25 know there's congestion and that projects would

1 have a very hard time actually getting
2 interconnected with us and pretty significant
3 upgrade costs, so I think that was a positive. It
4 was done, really, to bring efficiency to market.

5 All commissions approved a grouping-study
6 interconnection process for Tranche 1 CPRE to
7 improve efficiency. With the Grouping Study – and
8 Jeff is going to talk more about this. With the
9 Grouping Study, we can do things more efficiently;
10 we don't necessarily have to go sequentially for
11 those projects that choose to go into the Grouping
12 Study, which enables us to study a large number of
13 projects more quickly than we would be able to, and
14 turn around the results of the RFP more quickly
15 than we would have been able to, if we had had to
16 do things sequentially – which is the normal way
17 that both the North Carolina and the South Carolina
18 interconnection process works. It's more of a
19 sequential process.

20 The NCUC just recently issued an order. They
21 opened a – they had a hearing where they asked
22 different questions after, sort of, the conclusion
23 of Tranche 1 on different issues, and they recently
24 issued an order confirming the group-study approach
25 for North Carolina projects in Tranche 2.

Our plan is to ask for the same authorization in South Carolina, from the South Carolina Commission. We would like the South Carolina projects to be able to be in the group-study process, again, because we think that being in the group-study process is advantageous, compared to being in the sequential process, and it's also a way to try to minimize the amount of – I guess I'd call it – transmission analysis that one has to do, in order to be able to efficiently turn around these projects and contract in the time period that we're looking for.

[Reference: Presentation Slide 9]

Now, network upgrade costs. Let's talk about that for a minute.

So, I mentioned earlier that what we did after we came out of the group-study process is we had allocated – the Transmission Group had allocated on a no-names basis to each individual project what the transmission upgrade would be. Then Accion took that, turned it into a dollars-per-megawatt-hour equivalent, roughly, and then added that to the bid price, to make sure that we were still below avoided cost, and re-ranked the projects based on that, too. So we do two things; we re-

1 ranked the projects.

2 I mentioned, also, that North Carolina
3 approved rate-base treatment, because only cost-
4 effective upgrades are going to get built. In
5 other words, the only thing that's going to get
6 built is upgrades that, after you add it together
7 with the PPA expense, come in below avoided cost.
8 And the North Carolina Commission has, I think,
9 specifically said that they realize that customers,
10 all customers, ultimately pay for upgrades. If
11 developers cover the upfront cost – so, if you made
12 them cover the upfront costs – then they would have
13 to re-bid their project and they would have to
14 raise their PPA price in order to cover those
15 upgrades, because that's their source of revenue.
16 Their only source of revenue is the PPA. So,
17 rather than going through that process, slowing it
18 down and having a re-bidding, it made sense to more
19 efficiently allocate them to the projects and then
20 evaluate the projects.

21 And then they just recently, in their recent
22 order, again – they had asked us to come in and
23 address whether they should continue to allow rate-
24 base treatment, and they have allowed rate-base
25 treatment, as well – in North Carolina – for the

1 upgrades that come out of the CPRE, given the way
2 the process works with the imputation into the PPA.

3 And that concludes my comments. I'm going to
4 turn it over to Jeff.

5 [Reference: Presentation Slide 10]

6 **MR. JEFF RIGGINS [Duke Energy]:** Thank you,
7 Commissioners, for the opportunity to be here and
8 share with you a little bit on the interconnection
9 process today.

10 George recognized already that the
11 interconnection process is complex, and I know that
12 you've heard from a number of our developers,
13 customers, about that. So my intent today is not
14 to talk through the whole interconnection process,
15 but specifically to talk about it from a Grouping
16 Study's CPRE perspective.

17 [Reference: Presentation Slide 11]

18 So, I'm going to do a couple of things: One is
19 share a high-level overview. I have one slide – I
20 have one slide that's going to provide the overview
21 of the study and specifically the changes that
22 we're asking for. And then, after that, I have
23 four slides that will step through an example, a
24 hypothetical example, of how the queue would change
25 as we go through this process with the Grouping

1 Study.

2 So, first bullet here is that we're going to
3 create a CPRE queue position. We call it a
4 "utility position." We create that on the date
5 that the bids – when it closes. All of the bidders
6 that bid in go into this utility position at that
7 point. It's interesting to note that they forfeit
8 their position at that point, because they move to
9 a new position.

10 All of the participants are studied, assuming
11 a baseline of the non-participants that are not
12 already connected. So if a project elects not to
13 bid into CPRE – if they're in the serial queue
14 today – they maintain that position and they would
15 not be disadvantaged by the fact that these other
16 projects are moved into this utility queue
17 position. So, again, it's a key point we're
18 studying against a baseline of those projects.

19 Any non-participants remain in the current
20 South Carolina interconnection process, it
21 continues serially just like they do today, to be
22 studied and processed, and, again, would not be
23 disadvantaged by this process.

24 I mentioned before that the market
25 participants do forfeit their existing position.

1 They become subordinate to all non-participants in
2 moving into this queue position. And you'll see in
3 the example that I'm going to step through a pretty
4 good visual of how that would work.

5 Did you want me to walk-step through it here,
6 or can I just talk through it? You think it
7 matters? I'm not sure they'll be able to hear me
8 from there [indicating].

9 **MS. DULIN:** Oh, I'm sorry. Jeff was asking if
10 he should stand up here [indicating].

11 Can the court reporter hear him from
12 standing – I don't think you can. If we don't have
13 a Lavalier mic, we can walk through it from here.
14 I'm sorry, I should've asked in advance.

15 **VICE CHAIRMAN WILLIAMS:** I think he may be
16 able to go to the right side of the courtroom. Oh,
17 we have a Lavalier.

18 [Brief pause]

19 Okay, and I've also been informed that, even
20 if he does use the Lavalier, he needs to be to my
21 right, here, so he can be livestreamed. You're out
22 of the view of the camera.

23 **MR. JEFF RIGGINS [Duke Energy]:** That might
24 defeat the purpose a little bit, because I was
25 going to try to point to what I was describing,

1 but...

2 **VICE CHAIRMAN WILLIAMS:** Yeah, I think you're
3 fine in doing that, but you just need to stand
4 behind that podium, there.

5 **MR. JEFF RIGGINS [Duke Energy]:** Okay.

6 [Reference: Presentation Slide 12]

7 So our hypothetical example is very simple – I
8 start off saying this is not a simple thing; it's
9 very complex. But, for example's sake, I've come
10 up with an example where we have seven projects
11 today, assuming that the bid window has not yet
12 opened, so Projects A, B, C, D, E, F, and G are all
13 in the queue today. We open the bid window – okay
14 [indicating]. Oh, very good. So when we open the
15 bid window, let's assume that Projects A, B, D, and
16 F elect to bid in and become market participants.

17 [Reference: Presentation Slide 13]

18 On the next slide, you see what essentially
19 occurs with those positions moving into the number
20 eight position, the CPRE queue number. So this
21 example uses the October 9, 2018, date that we had
22 in Tranche 1. So at that point, Projects A, B, D,
23 and F all move into this utility queue position,
24 and you see that their positions are struck through
25 in the earlier queue, so they're no longer there.

[Reference: Presentation Slide 14]

As Accion goes through the process of evaluating all of the market participants, all the bids, working with Duke to do that, in the end let's assume that one of the projects that bid in is a winner and that that's Project D. Notice, also, that I added a Project H to reflect that there will be additional projects that come into the interconnection queue after the CPRE queue position's created. So by the time we get to the point of announcing winners, we may have another 20 or 30 or 40 projects that have bid in, and they will all be subordinate to this utility queue position. I just show that Project H there to show that the queue doesn't stop, just because we do CPRE.

[Reference: Presentation Slide 15]

And then, most importantly, this is sort of the final results. So Projects C, E, and G did not bid in. They continue to stay in their queue position and will be studied serially. Project D was identified as a winner, so it moves into a position just subordinate to all the earlier queued positions, and what we decided to do in our queue reports is to identify these with the 10/9/18 date

1 and to mark them, essentially, with a different
2 hour and minute notation or format, so that if you
3 look at the report you will see how those projects
4 are now organized.

5 So the one project, D, this has a queue number
6 now of 10/9/18 01:01. If we had three winners,
7 they would have been 01:02 and 01:03, is the way
8 they would be organized. We then had three non-
9 winners, in this example. Those projects become
10 subordinate to the winning positions and also
11 subordinate to all the earlier queued positions,
12 because they did forfeit their position. So we
13 organize them with queue numbers now of 10/9/18
14 02:01, 02:02, and 02:03. So if there was 40 non-
15 winners in a particular jurisdiction, you would see
16 that go to 02:40. So there would be 40 positions
17 stacked up. And then those projects would continue
18 to be studied serially, but now in a queue
19 position, again, subordinate to any earlier queued
20 projects, subordinate to the winner, but ahead of
21 any projects that came into the queue after the
22 CPRE utility position was created.

23 That's the end of my slides.

24 [Reference: Presentation Slide 16]

25 **MR. HARRY JUDD [Accion Group]:** Good morning,

1 Mr. Chairman, Commissioners. Thank you for having
2 me before you today.

3 My name is Harry Judd. I am President of the
4 Accion Group. We were appointed by the North
5 Carolina Commission to be the independent
6 administrator. And I say “we” because, while my
7 kids think I’m a pretty smart guy, I don’t do it
8 alone. We have transmission experts, we have
9 engineers, we have a legal team. And we conducted
10 the process, both receiving and evaluating all the
11 bids, ranking them, as George had described.

12 We were selected because of our experience.
13 As noted – and I’m not going to read the PowerPoint
14 to you, but we’ve conducted 100 RFPs in the last
15 decade, across the country, for different
16 regulators. I think relevant to the experience
17 here is that we were the first – in fact, the
18 only – independent evaluator used in the State of
19 Georgia. We helped them set up their process when
20 the Georgia Commission decided they needed a better
21 way of – the utilities did – of conducting
22 competitive solicitations. We’ve also had to
23 review situations where affiliates were bidding and
24 have our report submitted to the Federal Energy
25 Regulatory Commission, and they were certified as

1 being consistent with their standards, as well.

2 Oops, okay. That one [indicating].

3 [Reference: Presentation Slides 17 ~ 18]

4 Sorry, gentlemen, and lady. I didn't realize
5 I was driving.

6 So, we applied the CPRE protocols. Now, this
7 was the first time this program was used, so we did
8 a fairly extensive outreach to stakeholders,
9 interested parties, the Commission Staff, to try to
10 get it right. There will be some revisions in
11 Tranche 2 to make things run a little more
12 smoothly. But we did limit the access of any Duke
13 personnel to the data, as George mentioned, on a
14 need-to-know basis. Folks working in the
15 transmission area of Duke were provided – after we
16 had ranked bids – with the identity and location,
17 and the queue number, of proposals.

18 Now, we set up two distinct evaluation teams
19 and we had training provided to them, and
20 certification, that they understood that they were
21 separate from the rest of the company. Their
22 identities were posted on our website, so bidders
23 were advised not to contact them to have any
24 discussions about CPRE. In the course of Tranche
25 1, we became aware of one – I will call it –

1 inadvertent deviation by a bidder from that. They
2 called up an account manager they'd been dealing
3 with on other matters and said, "Hey, what do you
4 know about CPRE?" The account manager shut them
5 down, turned them over to us. And that, again, was
6 the only instance we're aware of, of anyone trying
7 to gain insights from Duke about the program.

8 So our website provides all information
9 needed. It's set up so that all bidders have
10 access to the same information at the same time.
11 We also were available to bidders and to the
12 Commission Staff, should they have questions about
13 the program on an ongoing basis. Likewise, if any
14 bidders were aware of what they thought were
15 deviations from the protocols, they were to advise
16 us and we would take action. That did not occur.

17 [Reference: Presentation Slide 19]

18 Moving on to the next page, we did conduct the
19 evaluation. We had a program – it was online
20 bidding, so bidders had to submit pricing at below
21 avoided cost; the website would not accept a price
22 above avoided cost. But we then took the
23 information and we evaluated it and ranked it on a
24 net-benefit basis. So that avoided the situation
25 of putting in – someone putting in an artificially

1 low number for their decrement and being successful
2 if, on a net-benefit basis, they were not
3 beneficial to ratepayers.

4 We also provided an opportunity for bidders to
5 – what we called – cure. We reviewed every bid
6 when it first came in. If we had questions about
7 the data, if there appeared to be inconsistencies,
8 we reached out to bidders and asked them to confirm
9 the intent of their bid. That way, we were trying
10 to help them be successful and trying to help them
11 move forward in the process. We don't play gotcha.
12 We weren't going to kick somebody out because they
13 had a fat-finger moment when they were filling out
14 the form and inadvertently transposed numbers
15 incorrectly or – those sorts of things happen. We
16 wanted folks to stay in the mix and move forward if
17 at all possible.

18 The proposal-security process that George
19 mentioned was something we started, frankly, with
20 Georgia Power, and we've now used it successfully
21 across the country, where, to move to that Step 2
22 Evaluation – which is where the effort is put in,
23 the time is spent on transmission system upgrade
24 costs – a security bond needed to be posted. The
25 purpose of that was to have only bidders, who were

1 serious about moving forward, participate. We had
2 a number of bidders decline to post and, therefore,
3 were removed before we went into the transmission
4 analysis. That did two things. One, again, it let
5 bidders have an exit ramp, so that they were not
6 forced to move forward, but it also permitted us,
7 in working with the Duke Transmission Evaluation
8 Team, to efficiently evaluate the bids, so that we
9 were only looking at the bids that the bidders were
10 prepared to move forward if they were selected.

11 We then took those bids, in Step 2, and, in a
12 rank-order basis, bet – based, excuse me, on net
13 benefit, they were evaluated. We were always
14 looking for the best value for the ratepayer, so
15 that we went down the list on that ranking, looking
16 for the projects that would provide the best net
17 benefit to the system.

18 I'm sorry, is this still on [indicating]?

19 **VICE CHAIRMAN WILLIAMS:** Yes.

20 **MR. HARRY JUDD [Accion Group]:** Thank you. I
21 didn't see the light.

22 So you can see at the bottom of page 19, we
23 provided a chart – and this is public information,
24 counsel; it's in the report that was also provided
25 to you – showing the net benefit below avoided cost

1 of the projects that were selected.

2 [Reference: Presentation Slide 20]

3 We had transmission experts who worked very
4 closely with the Duke Transmission Evaluation Team.
5 They evaluated alongside of them. They verified
6 all of the findings and in determining the upgrade
7 costs. And I'd like to mention that the bidder was
8 responsible for delivery to the point of
9 interconnection. So, any upgrade cost is on them
10 of getting to the point of interconnection and the
11 actual interconnection costs. If it's a major
12 project and, say, they have to run two miles of
13 transmission line to get to a substation, that had
14 to be included in their bid. So, the ratepayers of
15 the Duke system are not paying outside of whatever
16 contract price would be, to create a new
17 transmission line for the sole purpose of serving
18 one entity.

19 We also had our experts review the pricing
20 that they included for that delivery to the POI, as
21 well as the pricing that they included in their bid
22 for the interconnection costs. If we found an
23 instance where the numbers seemed unrealistic, part
24 of that cure process was to reach out to them and
25 say, "We gave you some guidance on what the costing

1 should be. Are you certain these are the numbers
2 you want to use?" Again, we were always trying to
3 help the bidder get to the end game of being
4 successful.

5 We did select the winners. We identified them
6 at the end of the process, to Duke, the other part
7 of their evaluation team, which were the ones who
8 had to execute the contracts.

9 As George mentioned – I'm sorry [indicating].
10 I apologize.

11 [Reference: Presentation Slide 21]

12 – we established a non-negotiable *pro forma*
13 contract at the beginning of the process. That was
14 something that was the result of the vetting
15 process that George mentioned, so that stakeholders
16 had an opportunity to comment on the document, to
17 help us make it a better product for them.

18 The other points I'd like to make here, for
19 your understanding, is, because we conducted the
20 RFP through our website – and that included
21 exchanges with the winning bidders after they were
22 selected – all of that information is captured. It
23 is all time- and date-stamped. We have a real-time
24 audit, if you will, of all of the exchanges, so
25 that we are able to verify that the combination of

1 the *pro forma* PPA and our being aware of all of the
2 exchanges – plus, by the way, anytime there was
3 direct contact, we had someone involved if we had a
4 conference call – we’re able to verify that there
5 were no special benefits provided to any bidder.
6 Everyone bid to the same standards; everyone was
7 held to the same standards.

8 The process I just described to you, we first
9 started for the Georgia Commission. I believe it
10 was 2002. We have – in that time, we have had
11 exactly one challenge in another jurisdiction that
12 the Commission very quickly dismissed as being
13 unfounded. It was someone who said, “All I want to
14 do is get to the negotiating table, so I can strike
15 a better deal,” to which the Chair said, “That’s
16 not going to happen. Everybody bids to the same
17 standards.” We have a record that confirms that
18 for you.

19 Thank you.

20 [Reference: Presentation Slide 22]

21 **MR. GEORGE BROWN [Duke Energy]:** Okay. I’m
22 going to update you all with a brief summary of
23 Tranche 2, and the North Carolina Utility
24 Commission did issue an order and laid out this
25 timetable for us to do Tranche 2.

1 We will open the pre-solicitation document
2 review process on August 15th. We will publish our
3 initial RFP documents at that time. We're going to
4 have a series of stakeholder meetings, you can see
5 on the schedule here. I think that the Commission
6 signaled its intention for us to be very
7 stakeholder-focused because it wants to arrive at a
8 common, agreed process in dealing with issues as a
9 whole, as best we can, as a stakeholder group.

10 Then we'll open the window on the 15th, and
11 bids will be due – of October – and bids will be
12 due the 15th of December. The one caveat there is
13 that we recently had hearings in North Carolina on
14 our avoided costs, and so those dates may change to
15 the extent that the North Carolina Commission does
16 not approve the avoided-cost methodology in time,
17 because we have to publish the avoided costs to
18 bidders when we open the RFP window, so that they
19 know what they have to beat. That's sort of the
20 price to beat, that we do in the process.

21 As I mentioned earlier, we're going to
22 continue to provide group studies for bidders that
23 want to participate. We are going to update the
24 grid locational guidance. We will publish that,
25 and that will be part of the documents that the

1 market will have to determine their bidding
2 strategy.

3 And then the final thing is we've been asked
4 to work with market participants to establish
5 energy storage protocols. And the energy storage
6 protocols I'm mentioning here specifically relate
7 to how storage would be added to a solar facility
8 to modify its output that would actually go through
9 the AC meter and come back onto our system to
10 either increase its energy or to shift the timing
11 of its energy, and whether there are changes that
12 need to be made from the existing protocols that we
13 established for Tranche 1, for projects that want
14 to add storage.

15 Oh. Harry, you have one thing to add?

16 **MR. HARRY JUDD [Accion Group]:** Thank you for
17 permitting me to jump back in.

18 All of the bidders' conferences, as well as
19 the stakeholder meetings that are conducted, we
20 provide both in person and by webinar, so that it's
21 for the convenience of bidders so they don't have
22 to travel to a central location. But I mention
23 this in the event you wish to have someone from
24 your Staff jump on the webinar and hear what
25 bidders, what stakeholders have to say about the

1 process. They'd of course be welcome. And you may
2 not otherwise be notified of this opportunity, so I
3 pass that along. Thank you.

4 **VICE CHAIRMAN WILLIAMS:** Does that complete
5 your presentation, gentlemen?

6 [Reference: Presentation Slide 23]

7 **MR. GEORGE BROWN [Duke Energy]:** Yes. Yes, it
8 does.

9 **VICE CHAIRMAN WILLIAMS:** Okay.

10 All right. Questions from Commissioners.
11 Commissioner Ervin.

12 **COMMISSIONER ERVIN:** Thank you, Mr. Chairman.

13 You mentioned the webinar. Is that on a
14 public website or is this going to be for
15 participants only, or preapproved participants
16 only, or do you know?

17 **MR. HARRY JUDD [Accion Group]:** I do know, and
18 it's available to folks who register for it. They
19 need not be approved, but we ask folks to visit the
20 IA website and register, so we know how many
21 portals we have to have available to serve the
22 interest.

23 **COMMISSIONER ERVIN:** Would you be willing to
24 give that pre-registration link to our Staff, so
25 that –

1 **MR. HARRY JUDD [Accion Group]:** Absolutely,
2 Commissioner.

3 **COMMISSIONER ERVIN:** – so that we can consider
4 viewing the – what’s the date again?

5 **MR. HARRY JUDD [Accion Group]:** The first one
6 is on the 7th of August.

7 **COMMISSIONER ERVIN:** 7th of August. And have
8 you set a time yet? I’m just trying to think in
9 terms of scheduling. Do you know?

10 **MR. HARRY JUDD [Accion Group]:** I believe it
11 starts at 10 in the morning, but that information
12 is available on the website.

13 **COMMISSIONER ERVIN:** Sure.

14 **MR. HARRY JUDD [Accion Group]:** After the
15 fact, we can also tell you if they actually dialed
16 in, or not, if you want to do a bed check.

17 **COMMISSIONER ERVIN:** Thank you. And then
18 there will be other opportunities later in the
19 process? Or just one?

20 **MR. HARRY JUDD [Accion Group]:** No, sir. As
21 it’s shown on Slide 22 –

22 [Reference: Presentation Slide 22]

23 – we have a number that are scheduled. Also,
24 the materials that we will be speaking to in the
25 meeting will be posted on the website. We also

1 have a practice that any questions that are asked
2 in the room, they are recorded and, in addition to
3 the discussion that occurs, a written response to
4 each one is provided and posted on the website.
5 That way, bidders know exactly the information they
6 should be bidding to, and they're not at all
7 disadvantaged by not participating in the session.
8 In addition, we record the webinar and we post that
9 on the website. We try to do everything we can to
10 make sure folks get all the information that's
11 helpful.

12 **COMMISSIONER ERVIN:** Our Clerk is in the back.
13 I don't know if you've met Ms. Boyd, Jocelyn Boyd.

14 **MR. HARRY JUDD [Accion Group]:** I did. Turns
15 out she doesn't want to visit New Hampshire. It's
16 too cold.

17 **COMMISSIONER ERVIN:** Well, perhaps you could
18 just make that available to her, and we can –

19 **MR. HARRY JUDD [Accion Group]:** Yes, sir.

20 **COMMISSIONER ERVIN:** – make a determination
21 later about whether the Commission Staff would
22 participate, but at least we'll have the
23 information needed to pre-register if we choose to
24 do so.

25 **MR. HARRY JUDD [Accion Group]:** Yes, sir.

1 Will do.

2 **COMMISSIONER ERVIN:** Thank you. The other
3 question I had was we had heard in another
4 proceeding about the North Carolina Commission's
5 hearing fairly recently, I believe, about the
6 avoided costs. Who all participated in that
7 process, if you know? Do you know who appeared
8 before the Commission?

9 **MR. HARRY JUDD [Accion Group]:** I'll defer to
10 you, since we did not.

11 **MR. GEORGE BROWN [Duke Energy]:** Yeah, no.
12 You mean all the participants that were in –

13 **COMMISSIONER ERVIN:** Yes, sir. I'm just
14 curious to know who participated.

15 **MR. GEORGE BROWN [Duke Energy]:** I don't have
16 the list of all the participants. I know some of
17 the Duke Energy witnesses, but I don't know the
18 other counterparties, I'm sorry to say. But I
19 think we could get that, if you need it.

20 **COMMISSIONER ERVIN:** It might be something
21 we'd like to be aware of, just for information
22 purposes, only, really to know what transpired
23 there.

24 **MR. GEORGE BROWN [Duke Energy]:** And you're
25 referring to the avoided-cost –

1 **COMMISSIONER ERVIN:** Yes, sir.

2 **MR. GEORGE BROWN [Duke Energy]:** – hearing,
3 right?

4 **COMMISSIONER ERVIN:** Uh-huh.

5 **MR. GEORGE BROWN [Duke Energy]:** Okay. We'll
6 follow up on that.

7 **COMMISSIONER ERVIN:** Great. And you had
8 mentioned earlier in the process that the North
9 Carolina Commission had approved certain things, by
10 order. I assume you're going to ask the South
11 Carolina Commission to do likewise at some point
12 soon?

13 **MR. GEORGE BROWN [Duke Energy]:** Yes, our –
14 and I don't know if I mentioned it, but I meant to
15 mention it, that we are planning to come and
16 petition the Commission to allow South Carolina
17 projects to also participate in the Grouping
18 Studies in Tranche 2, yes.

19 **COMMISSIONER ERVIN:** Great.

20 **MR. GEORGE BROWN [Duke Energy]:** And we'll be
21 doing that relatively soon.

22 **COMMISSIONER ERVIN:** Thank you, sir.

23 **VICE CHAIRMAN WILLIAMS:** Thank you,
24 Commissioner Ervin. Like you, I am interested in
25 receiving, and all of the Commissioners are

1 interested in receiving as much information as
2 possible, but I've been advised by my attorney that
3 we could run into issues if we listen in on the
4 webinar. And I'm curious whether or not ORS,
5 through Attorney Bateman, has any opinion on that
6 matter.

7 **MR. BATEMAN:** Mr. Vice Chairman, without
8 knowing the specific details, I'd be hesitant to
9 comment too much on this. That being said, if it
10 were not an officially noticed allowable ex parte
11 briefing, I could understand where you could run
12 into some issues.

13 **VICE CHAIRMAN WILLIAMS:** Do you know whether
14 or not ORS has any plans to participate?

15 **MR. BATEMAN:** Mr. Vice Chairman, this is the
16 first time I'm hearing about the webinar. So, no,
17 sir, I don't know.

18 **VICE CHAIRMAN WILLIAMS:** Do you think it's
19 possible to make that inquiry and get back with us?

20 **MR. BATEMAN:** Certainly, I could find out if
21 we had any plans to attend.

22 **VICE CHAIRMAN WILLIAMS:** Okay. All right.
23 Thank you.

24 Any other questions?

25 **MR. MELCHERS:** If I can?

1 **VICE CHAIRMAN WILLIAMS:** Oh. Our attorney has
2 three questions. Go right ahead.

3 **MR. MELCHERS:** Thank you.

4 Looking at page 15, where we went through the
5 example with the queue –

6 [Reference: Presentation Slide 15]

7 – on this page we show that the three
8 predecessors C, E, and G, that did not participate
9 in CPRE were still ranked above the winner in the
10 CPRE Program. Will those be processed prior to
11 number four's process, or will they be processed
12 concurrently, or is there no relationship?

13 **MR. JEFF RIGGINS [Duke Energy]:** Essentially,
14 any earlier queued project is going to get studied
15 when it's ready for study. As you know, in South
16 Carolina, there's a concept of interdependency, so
17 many of their earlier queued projects that would be
18 above this position may be interdependent and on
19 hold for various reasons. So, for that reason,
20 it's not necessarily the case that they'll be
21 studied before this utility position, but certainly
22 they'll be studied ahead of this position if they
23 are ready for study.

24 **MR. MELCHERS:** And who determines if they're
25 ready for study?

1 **MR. JEFF RIGGINS [Duke Energy]:** We determine
2 if they're ready to study, based on if they're
3 interdependent with other projects. So you have an
4 A and a B and everyone else remains on hold.

5 **MR. MELCHERS:** Okay.

6 **MR. JEFF RIGGINS [Duke Energy]:** So that's a
7 determination that we make.

8 **MR. MELCHERS:** All right. The second question
9 is from page 19.

10 [Reference: Presentation Slide 19]

11 We've got a note just above the chart that
12 refers to the proposal security again. How is that
13 set? What dollar amount? Is it related – I assume
14 it's not related to system upgrade costs, because
15 that information hasn't been provided yet.

16 **MR. HARRY JUDD [Accion Group]:** Correct, sir.
17 The dollar amount is on a kilowatt basis. I'm not
18 going to give a number simply because I don't want
19 to be in error, but it is in the RFP document,
20 pre-established and available to all participants.

21 So it is done by the size of the project. So
22 you're correct; it is not based on any sort of
23 projection of system upgrade costs.

24 **MR. MELCHERS:** Okay. And then the last
25 question is from your discussion on page 20.

[Reference: Presentation Slide 20]

I believe the statement was made that the bidders' interconnection costs are included in the bid. And just to be sure I'm speaking in a way that we're using the same words in the same way, "system upgrade costs" are on Duke's side and it's there to get the transmission – to create sufficient transmission capacity to move your energy to where it's needed; "interconnection costs," as I understand it, are everything from the project up to Duke's system. Is that a fair characterization?

MR. HARRY JUDD [Accion Group]: Yes. Yes, it is.

MR. MELCHERS: Okay.

MR. HARRY JUDD [Accion Group]: And let me also add that, working with the folks at Duke T&D, we developed some information about expected costs for interconnection, as well as the transport, if you will, from the project to the point of interconnection. So it wasn't a matter – and never will be a matter – of bidders blindly trying to determine, "What's it going to cost me?" We provided that information to them and try to scale it based on the size of their project.

1 **MR. MELCHERS:** But if I understood the
2 statement correctly, those interconnection costs
3 are included in the bid.

4 **MR. HARRY JUDD [Accion Group]:** Yes, sir.

5 **MR. MELCHERS:** So those are not part of rate
6 base. It's only system upgrade costs that you're
7 saying that the North Carolina Commission has
8 allowed Duke to put into rate base.

9 **MR. HARRY JUDD [Accion Group]:** That is
10 correct. The interconnection costs, the cost of
11 the project, the cost of getting from the project
12 to the point of interconnection are included in the
13 bid price. If it's selected, it would therefore be
14 part of what is paid under a PPA.

15 **MR. MELCHERS:** Great. Thank you.

16 **MR. JEFF RIGGINS [Duke Energy]:** I did just
17 confirm on the proposal security, it was \$20 per
18 kW. That's the number you're looking for.

19 **MR. HARRY JUDD [Accion Group]:** Okay.

20 **MR. MELCHERS:** Thanks.

21 **VICE CHAIRMAN WILLIAMS:** Commissioners.

22 [Brief pause]

23 All right.

24 **COMMISSIONER HOWARD:** Wait a minute.

25 **VICE CHAIRMAN WILLIAMS:** Oh, I didn't see your

1 light down there. You gotta turn on your light.

2 **COMMISSIONER HOWARD:** My light's been on, but
3 it's dim.

4 [Laughter]

5 **VICE CHAIRMAN WILLIAMS:** Commissioner Howard.

6 **COMMISSIONER HOWARD:** A couple of questions,
7 basically following up on Mr. Melchers. As I
8 recall, the proposal fees are non-refundable?

9 **MR. HARRY JUDD [Accion Group]:** Commissioner,
10 there are two fees, and it's easy for them to be
11 viewed as the same, so permit me to explain. There
12 is a proposal fee and then there is a project fee
13 once selected for contract. The –

14 **COMMISSIONER HOWARD:** The proposal fee is what
15 I'm –

16 **MR. HARRY JUDD [Accion Group]:** – proposal fee
17 is refunded –

18 **COMMISSIONER HOWARD:** – talking about.

19 **MR. HARRY JUDD [Accion Group]:** – if they are
20 not selected as a winner.

21 **COMMISSIONER HOWARD:** That total was close to
22 a million dollars, was it not?

23 **MR. HARRY JUDD [Accion Group]:** Depending on
24 the size of the project, it can be.

25 **COMMISSIONER HOWARD:** The total of all of them

1 was like \$900,000 or something, if I remember
2 correctly.

3 MR. JEFF RIGGINS [Duke Energy]: Application
4 fee.

5 MR. HARRY JUDD [Accion Group]: You're talking
6 about the proposal fee. The –

7 COMMISSIONER HOWARD: [Nodding head.]

8 MR. HARRY JUDD [Accion Group]: What happens
9 there is, if they are selected for a PPA and they
10 move forward, that fee is then released when it is
11 replaced by the project fee, which takes them from
12 contracting to interconnection. So it is – it is –
13 let me answer it this way: It is only retained if
14 the project is selected as a winner and they
15 decline to go forward.

16 COMMISSIONER HOWARD: Okay, I understand.
17 Talking about the cure period, it seemed like there
18 was a high number of MPs that took advantage of the
19 cure period. Is that correct? And I guess my
20 thought process went through the fact that, in my
21 mind, it was a high number. Now, it might've been
22 a low number with the experience you've had, but
23 with no experience it would seem like a high
24 number. Would that lead to some peculiarity, I
25 mean, some discussions or some differences in the

1 proposal that you would correct on the next go-
2 round? Or do you agree –

3 **MR. HARRY JUDD [Accion Group]:** Let me answer
4 your question in reverse order. Yes, we are making
5 changes, but as far as the number of cures, as I
6 mentioned before, the proposals are received
7 online, but they are not simply an uploaded
8 document. It's a bid form that's filled out. And
9 each data field is coded to try to guide the
10 bidders to provide the appropriate data. A simple
11 example is we had a required in-service date that
12 nobody could put in 2025 as an in-service date and
13 still have their bids submitted.

14 The cures that we effectuated with bidders
15 were some – I called them “fat fingers” – some
16 typographical errors. And what we do is we provide
17 them with a sheet and say, “This is our
18 understanding of your bid: X number of megawatts,
19 this is your point of interconnection, this is the
20 location, this is the technology.” And we actually
21 had very few at the end of the day, in our
22 experience, that actually had to be cured before we
23 could move them into evaluation.

24 **COMMISSIONER HOWARD:** I think in one of the
25 cases – I believe it was Duke Energy Carolinas,

1 maybe it was – you only had one bid to the
2 transmission versus distribution. Is that right?
3 I mean, one of the bids interconnected at
4 transmission and the rest of them interconnected
5 with distribution; is that right?

6 **MR. HARRY JUDD [Accion Group]:** Actually, Mr.
7 Commissioner, that's backwards. Again, as George
8 said, we provided guidance – we provided maps
9 saying, "These are the constrained areas. And you
10 want to bid elsewhere." We did have a project in a
11 constrained area that interconnected at
12 distribution level. And, again, the goal here was
13 not only to drive down below avoided cost but also
14 to take advantage of existing transmission
15 capability to bring those projects on-line. So we
16 tried to guide folks to where they are more likely
17 to have transmission available without significant
18 upgrade costs.

19 **COMMISSIONER HOWARD:** Okay. Thank you, very
20 much. Appreciate it.

21 **MR. HARRY JUDD [Accion Group]:** You're
22 welcome. Thank you for the question.

23 **COMMISSIONER WHITFIELD:** Mr. Chairman.

24 **VICE CHAIRMAN WILLIAMS:** Yes, Commissioner
25 Whitfield.

1 **COMMISSIONER WHITFIELD:** Thank you, Mr. Vice
2 Chairman.

3 Mr. Judd, just a quick follow-up where you
4 were with Commissioner Howard. I think I heard you
5 or Mr. Brown, one of you, say that basically what
6 you didn't want is the ratepayers to have to pay
7 for new transmission or significant upgrades just
8 for one certain project or some one thing that
9 would only benefit – that wouldn't benefit the
10 system as a whole. Is that what I understood
11 either you or Mr. Brown, one of you, said?

12 **MR. HARRY JUDD [Accion Group]:** Sir, I believe
13 you're referring to my comment.

14 **COMMISSIONER WHITFIELD:** Yes.

15 **MR. HARRY JUDD [Accion Group]:** And I was
16 talking about the obligation of the bidder to
17 include in their bid price the cost of getting from
18 their project to the point of interconnection,
19 because that's all on them. If they have to run a
20 transmission-level line from their project two
21 miles, and it's not going to be used by others,
22 then, yes, sir, that's included in their bid.

23 **COMMISSIONER WHITFIELD:** Okay. Understood. I
24 believe it was you.

25 **MR. HARRY JUDD [Accion Group]:** Yes, sir.

1 **COMMISSIONER WHITFIELD:** Thank you.

2 Thank you, Mr. Vice Chairman.

3 [Brief pause]

4 **VICE CHAIRMAN WILLIAMS:** All right, gentlemen,
5 it looks like we've asked and you all have answered
6 all of our questions. Thank you for sharing your
7 testimony with us here today.

8 Anything else from the parties before we
9 conclude or adjourn this hearing?

10 [No response]

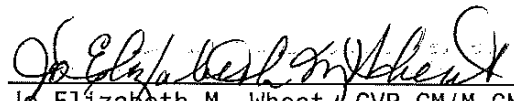
11 All right. Seeing none, we are adjourned.
12 Thank you.

13 [WHEREUPON, at 11:07 a.m., the
14 proceedings in the above-entitled matter
15 were adjourned.]

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had regarding a requested allowable ex parte briefing in the above-captioned matter before the PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 30th day of July, 2019.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC
My Commission Expires: January 27, 2021.